

# Minutes

## Seattle City Employees' Retirement System Regular Board Meeting

Thursday, December 1, 2005 - 8:30 a.m.  
Pacific Building, 10<sup>th</sup> Floor

**Present:** Richard McIver, Norma McKinney, Lou Walter, Mary Norris and Paul Berry.

**Absent:** Dwight Dively and Frank Mathews.

**Also Present:** Ken Leask – ARSCE, Walt North – ARSCE, Jon Gehle, Mary Tannehill – City Personnel Workers' Compensation, Mike Monaco – Song Mondress, Norm Ruggles and Mel Robertson.

**Public Comment:** Walt North thanked the Board and staff for all their efforts and hard work, and for their continuing efforts toward increasing the COLA's.

### Minutes:

Upon motion by Lou Walter, seconded by Paul Berry, the Retirement Board approved the minutes from the November 3, 2005 Retirement Board meeting.

### Ratification of Retired Payroll, Office Payroll, Other Billings and Withdrawals:

**Information:** The following items represent normal expenses plus the Bonus COLA (13<sup>th</sup> Check) of \$4,267,852.93, the Floor COLA catch-up of \$233,864.71 and monthly COLA increases of approximately \$69,543.84.

Service	\$ 9,502,863.35
Beneficiary	1,540,491.32
Disability	113,628.74
<b>Pension Payroll – November 2005</b>	<b>\$ 11,156,983.41</b>
<b>Office Payroll</b> - pay period ending November 1, 2005	\$ 25,798.68
<b>Office Payroll</b> - pay period ending November 15, 2005	\$ 25,412.91
<b>Vouchers Processed</b> - from October 29, 2005 through November 21, 2005	\$ 871,221.39
* \$ 816,047.18 Expert and Consultant Services	

### Immediate Withdrawal of Contributions:

<u>Member</u>	<u>Department</u>	<u>Position</u>
Cabrido, Patricia K	SPD	Dispatcher
Cain, Albert Lee	Park	Laborer
Dean, Darlene T	Police	Police Dispatcher II
Faull, Steven D	Light	Info Prof-B
Grizzell, Terrence C	Parks	Admin Spec I
Hahn, Tamara M	City Light	Credit & Coll Supervisor
Hampton, Gabrielle T	Legislative	Admin Spec II
Harrison, Kenneth E	City Light	Meter Reader
Heleta, Fatakioma F	Parks	Laborer
Hendricks, Samuel	Exec Depts	Planning & Dev Spec II
Jones, John J	SEATRAN	Laborer
Mannie, Darrin	SPU	Water Pipe Worker
McRae, Covey Caroline	Parks	Lifeguard
Mitchell, Cassandra	Library	Human Resource Spec
Pape, Lawrence L	Fleets	Bldg Operating Engineer
Peters, Pamela	ESD	EEO Analyst
Ryan, Jennifer L	SDOT	Strategic Light Rail
Sangani, Champa R	Light	Electrical Engineer
Smalls, Gus A	Parks	Work Training Enrollee

Smith,Danny F  
Stein, Sharon  
Turner,Donella L

SPU  
Treasurer  
ESD

Truck Driver  
Exec Assistant  
Admin Spec I

Upon motion by Paul Berry, seconded by Norma McKinney, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

### **Ratification of Service Retirements:**

**Information:** The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Brown,Henery S.	10/22/2005	20	194	City Light	Account Executive	65	E
Dolan,Edward	10/6/2005	27	141	City Light	Line CC	55	C10,G-50
Downing,Jean M	11/2/2005	25	255	City Light	Mgmt Systems Analyst Sr	62	A
Fox,Sally W	11/2/2005	21	259	Personnel	Executive 2	60	E
Frazier,Harmony Bambi	10/11/2005	25	179	Vested	Vested	52	D,G-50
Friend,Anna L	11/2/2005	23	322	City Light	Accounting Tech II	60	S,F,G-50
Glaser,Nancy L	10/9/2005	23	35	City Light	Dir Envir & Safety Plang	56	C5
Harris,Alexandra M	10/7/2005	15	115	Library	Capital Program Director	55	A
Hatch,A Lloyd	10/16/2005	16	29	K.C. Health	Dentist	81	C10
Johnson,Scott B	11/1/2005	20	289	Seattle Center	Vested	60	S,G-100
Knudsen,Linda M	11/7/2005	15	257	Vested	Vested	57	C5
Pham,Joseph Vincent	11/2/2005	19	14	Police	Admin Spec I	62	E,F

Upon motion by Paul Berry, seconded by Mary Norris, the Retirement Board approved the service retirements listed above, pending final review.

Last month 34 members withdrew or retired, and 26 new members entered the System.

### **Ratification of Investment Transactions and Statement of Securities and Cash:**

Norm reviewed the funding ratio along with monthly and year-to-date performance numbers on the Investment Summary report for October 2005. Mel highlighted items in the report and commented on likely investment results in November.

Upon motion by Lou Walter, seconded by Paul Berry, the Retirement Board approved the Investment Summary report.

### **Investment Committee Report:**

The Investment Committee meeting scheduled for Thursday, December 22, 2005 has been cancelled.

Norm said the Committee is pleased to report that the recent quarterly performance report showed the Fund outperforming the Policy Index in each of the periods included in the report, over the last five years. Paul commented that performance has improved at least partly due to additional diversification of the portfolio. Lou thanked staff for their efforts in identifying investment opportunities to increase diversification and performance of the Fund. Mary said that the retirees appreciate the efforts too.

Mel reported on the Investment Committee meeting held on Thursday, November 17, 2005. The Committee is recommending that the contracts with MFS and Lazard be terminated, due to underperforming the EAFE Index, which is the Policy benchmark for non-U.S. equities, on a one-year, two-year and three-year basis.

Upon motion by Paul Berry, seconded by Lou Walter, the Board voted to approve the Investment Committee recommendation to terminate the contracts with MFS and Lazard.

The Investment Committee has directed staff to invest an additional \$25 million in the Dimensional International Small Company Portfolio from the proceeds of the MFS and Lazard portfolios, with the balance to be invested in the EAFE Index.

The Committee heard a presentation from Trust Company of the West for their TCW / Crescent Mezzanine Partners IV partnership. The Committee recommended investing \$15 million in TCW / Crescent Mezzanine Partners IV. There was a brief discussion by the Board.

Upon motion by Paul Berry, seconded by Lou Walter, the Board voted to approve the Investment Committee recommendation to invest \$15 million in TCW / Crescent Mezzanine Partners IV.

Mel also reported that the Investment Committee directed staff to increase the portfolios managed by Snow Capital and Capital Management Associates by \$26 million each. Currently both portfolios are approximately \$24 million each.

### **Executive Director Report:**

Norm handed out a draft 2006 meeting schedule. After a brief discussion the Board agreed to change the meeting time to 9:00 a.m. for Board meetings in 2006, and to follow the proposed schedule unless circumstances arise which require changes.

Norm reported that he researched the possibility of collecting interest on retirement contributions from retroactive COLA adjustments that resulted from the collective bargaining settlement of the active employee contracts. The Board directed staff to be proactive in attempting to have provisions for interest included in any matters of this nature in the future.

### **Old Business:**

#### **(1) Status of Benefit Enhancements**

The Board was informed that the estimated current funding level of the Retirement Fund is 87.43% as of October 31, 2005.

#### **(2) Disability Update**

Mel gave a status report on pending disability retirement applications.

### **New Business:**

#### **(1) Disability Retirement Rules**

Norm handed out a draft set of rules for the disability retirement application process for consideration by the Board. Mel led a discussion about efforts to formalize the rules and procedures that surround the disability retirement application process. There was extensive discussion among the Board, staff and counsel Mike Monaco. Staff will include the revisions to the draft rules as requested by the Board, and this subject will be continued to the January 2006 meeting.

The Board, staff and members of the audience congratulated Richard McIver on his re-election victory.

## **Adjournment**

Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board voted to adjourn the meeting at 10:44 a.m.

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Norma McKinney, Secretary